

State of Alaska FY2003 Governor's Operating Budget

Department of Administration Retirement and Benefits Component Budget Summary

Component: Retirement and Benefits

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Component Mission

To assure benefits for public employees and retirees.

Component Services Provided

Record keeping and counseling services for the following retirement systems:

- Public Employees' (PERS)
- Teachers' (TRS)
- Judicial (JRS)
- National Guard and Naval Militia (NGNMRS)
- Elected Public Officers (EPORS)

Record keeping and counseling services for two benefit programs:

- Supplemental Annuity Plan
- Supplemental Benefits System

Counseling services for the Deferred Compensation Plan

Administer group health insurance and life insurance programs for active state employees and retired members of the retirement systems, including claims adjudication and counseling. The division has offices in Juneau and Anchorage and provides services to other Alaskan communities by telephone, Internet/e-mail and during field trips.

Component Goals and Strategies

TO ADMINISTER THE STATE'S RETIREMENT AND BENEFIT PLANS EFFICIENTLY AND EFFECTIVELY

- Maintain accurate records
- Distribute benefits in a timely manner
- Protect participants' assets
- Negotiate most cost beneficial benefit plan rates
- Assist employers and employees to make informed decisions
- Provide the maximum in customer service at minimum in cost to the retirement trust funds and each participant.

Key Component Issues for FY2002 – 2003

- Legislative changes to bring existing retirement systems statutes and regulations into compliance with the Internal Revenue Code.
- Retirement and Benefits Systems Growth: Projections prepared by the Division of Retirement and Benefits indicate that the number of PERS and TRS retirees will double over the next 10 years. We also project a gradual increase in the number of PERS and TRS active employees.
- An actuarial audit for defined-benefit pensions plans administered by the division. Established industry standards dictate an actuarial audit be conducted every five years.

Major Component Accomplishments in 2001

- Online computer services for active and retired members were enhanced.
- Worked with legislative sponsors in the passage of legislation making improvements to Tier II and III retiree medical benefits and adding incentives for PERS and TRS retirees to return to full time employment. This legislation was a component of the workforce development and retention initiative.

Statutory and Regulatory Authority

AS 14.20.310-345	Teachers' Leave and Retirement
AS 14.25	Teachers' Retirement System
AS 22.25	Judiciary Retirement and Death Benefits
AS 39.30	Insurance and Supplemental Employee Benefits
AS 39.35	Public Employees' Retirement System
AS 39.45	Public Employees' Deferred Compensation Program
AS 44.21.020 (7)	Duties of Department
2 AAC 35	Public Employees' Retirement System
2 AAC 36	Teachers' Retirement System
2 AAC 37	Judicial, Elected Public Officers, and National Guard/Naval Militia
Retirement systems and	Employee Benefit Systems
2 AAC 39	Group Health and Life Insurance

Retirement and Benefits

Component Financial Summary

All dollars in thousands

	FY2001 Actuals	FY2002 Authorized	FY2003 Governor
Non-Formula Program:			
Component Expenditures:			
71000 Personal Services	5,756.8	5,954.1	6,295.1
72000 Travel	183.9	206.8	206.8
73000 Contractual	3,403.4	4,077.0	4,389.3
74000 Supplies	189.9	62.0	287.0
75000 Equipment	61.3	85.6	85.6
76000 Land/Buildings	0.0	0.0	0.0
77000 Grants, Claims	0.0	0.0	0.0
78000 Miscellaneous	0.0	0.0	0.0
Expenditure Totals	9,595.3	10,385.5	11,263.8
Funding Sources:			
1007 Inter-Agency Receipts	62.4	1.2	1.4
1017 Benefits Systems Receipts	2,806.3	2,914.1	3,063.5
1023 FICA Administration Fund Account	112.9	112.7	143.0
1029 Public Employees Retirement Fund	4,644.1	5,188.4	5,674.1
1034 Teachers Retirement System Fund	1,852.6	2,048.6	2,252.9
1042 Judicial Retirement System	24.8	25.1	28.4
1045 National Guard Retirement System	92.2	95.4	100.5
Funding Totals	9,595.3	10,385.5	11,263.8

Estimated Revenue Collections

Description	Master Revenue Account	FY2001 Actuals	FY2002 Authorized	FY2002 Cash Estimate	FY2003 Governor	FY2004 Forecast
Unrestricted Revenues						
FICA Administration Fund Account	51040	112.9	112.7	112.9	143.0	150.0
Public Employees Retirement Fund	51065	4,644.1	5,188.4	4,650.0	5,674.1	5,677.2
Teachers Retirement System Fund	51090	1,852.6	2,048.6	1,870.0	2,252.9	2,260.1
Judicial Retirement System	51125	24.8	25.1	25.0	28.4	29.1
National Guard Retirement System	51135	92.2	95.4	92.0	100.5	100.7
Benefits System Receipts	51390	2,806.3	2,914.1	2,470.0	3,063.5	3,063.5
Unrestricted Total		9,532.9	10,384.3	9,219.9	11,262.4	11,280.6
Restricted Revenues						
Interagency Receipts	51015	62.4	1.2	62.4	1.4	64.2
Restricted Total		62.4	1.2	62.4	1.4	64.2
Total Estimated Revenues		9,595.3	10,385.5	9,282.3	11,263.8	11,344.8

Retirement and Benefits

Proposed Changes in Levels of Service for FY2003

- Access to online computer services for active and retired members will be further enhanced.
- A customer service initiative will be implemented to improve direct service to active and retired members who contact the division. Service enhancements will include an 800 number and staff whose main purpose is answering telephone and mailed inquiries.
- Develop and implement an improved employee benefits statement for teachers and public employees of political subdivisions.

Summary of Component Budget Changes

From FY2002 Authorized to FY2003 Governor

All dollars in thousands

	<u>General Funds</u>	<u>Federal Funds</u>	<u>Other Funds</u>	<u>Total Funds</u>
FY2002 Authorized	0.0	0.0	10,385.5	10,385.5
Adjustments which will continue current level of service:				
-Year 3 Labor Costs - Net Change from FY2002	0.0	0.0	121.0	121.0
-Reduce Fiscal Note Funding for HB 242, Reemployment of PERS/TRS Members	0.0	0.0	-35.0	-35.0
Proposed budget increases:				
-Growth in Customer Base	0.0	0.0	445.0	445.0
-Actuarial, Audit, Legal and Other Services	0.0	0.0	267.3	267.3
-Facility Rent Increase	0.0	0.0	80.0	80.0
FY2003 Governor	0.0	0.0	11,263.8	11,263.8

Retirement and Benefits

Personal Services Information

Authorized Positions		Personal Services Costs		
	<u>FY2002</u>	<u>FY2003</u>		
	<u>Authorized</u>	<u>Governor</u>		
Full-time	104	105	Annual Salaries	4,667,016
Part-time	0	0	COLA	113,687
Nonpermanent	5	5	Premium Pay	25,900
			Annual Benefits	1,785,251
			Less 4.50% Vacancy Factor	(296,754)
			Lump Sum Premium Pay	0
Totals	109	110	Total Personal Services	6,295,100

Position Classification Summary

Job Class Title	Anchorage	Fairbanks	Juneau	Others	Total
Accountant II	0	0	4	0	4
Accountant III	0	0	5	0	5
Accountant V	0	0	1	0	1
Accounting Clerk II	0	0	3	0	3
Accounting Tech II	0	0	1	0	1
Accounting Tech III	0	0	2	0	2
Administrative Assistant	0	0	1	0	1
Administrative Clerk I	0	0	3	0	3
Administrative Clerk II	1	0	4	0	5
Administrative Clerk III	2	0	2	0	4
Administrative Manager IV	0	0	1	0	1
Analyst/Programmer II	0	0	1	0	1
Analyst/Programmer III	0	0	1	0	1
Analyst/Programmer IV	0	0	4	0	4
Analyst/Programmer V	0	0	2	0	2
Data Processing Mgr III	0	0	1	0	1
Data Processing Tech I	0	0	1	0	1
Data Processing Tech II	0	0	1	0	1
Division Director	0	0	1	0	1
Information Officer II	0	0	1	0	1
Internal Auditor II	0	0	1	0	1
Internal Auditor III	0	0	1	0	1
Microfilm Equip Op I	0	0	2	0	2
Microfilm Equip Op II	0	0	1	0	1
Microfilm Equip Op III	0	0	1	0	1
Payroll Specialist II	0	0	1	0	1
Publications Spec III	0	0	1	0	1
Publications Tech II	0	0	1	0	1
Retirement & Benefits Spec I	1	0	5	0	6
Retirement & Benefits Tech I	0	0	4	0	4
Retirement & Benefits Tech II	1	0	18	0	19
Retirement & Benefits Tech III	0	0	12	0	12
Retirement Ben Manager	0	0	2	0	2
Retirement Ben Spec II	2	0	9	0	11
Retirement Ben Spec III	0	0	2	0	2
Secretary	0	0	1	0	1
Systems Programmer II	0	0	1	0	1
Totals	7	0	103	0	110